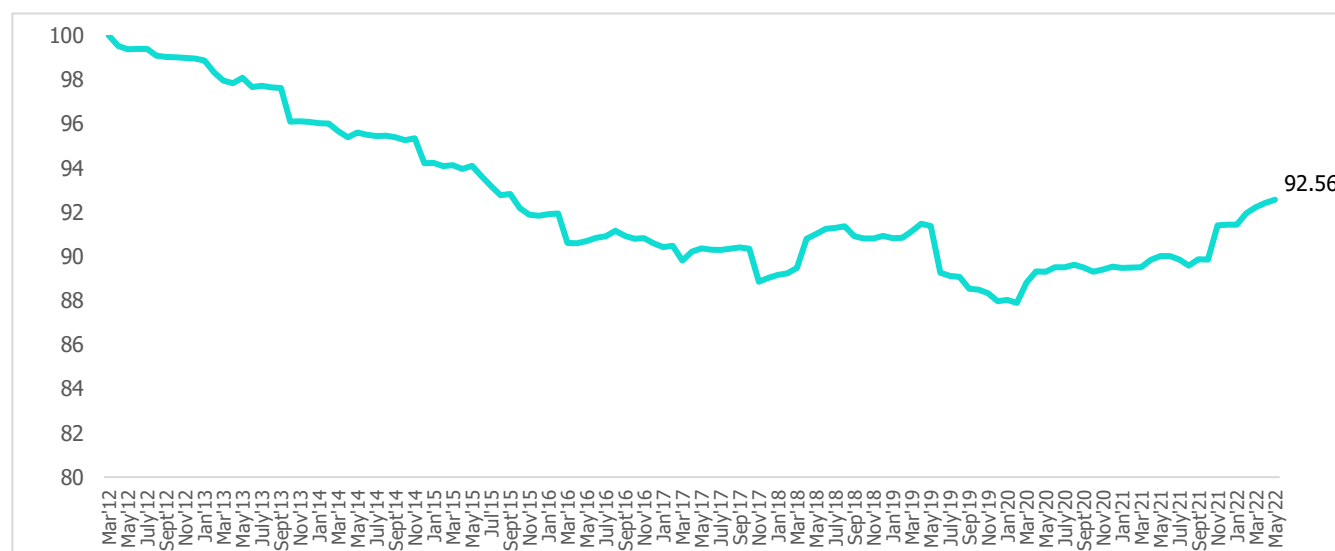


The CareEdge Debt Quality Index (CDQI) has been steadily inching upwards since November 2021. The May 2022 index increased to 92.56 from 92.41 in April 2022, mainly due to enhancement in the rated debt of higher-rated NBFCs.

### Exhibit 1: Movement in CDQI



Source: CareEdge calculations

### **About the CDQI Index**

CareEdge Debt Quality Index (CDQI) denotes the quality of debt that can be interpreted over time and juxtaposed with other developments in the financial sector. The CDQI captures, on a scale of 100 (index value for the base year FY12), whether the quality of debt is improving or declining. Intuitively an upward movement indicates an improvement in the quality of debt benchmarked against the base year. As it is contemporary with minimum time lags, the health of the debt and credit markets is encapsulated on a near-real-time basis.

The dataset comprises 1,641 companies from our portfolio of 2,980 companies as of March 2012. The dataset is revisited at regular intervals and is replaced suitably with a new set of companies with a similar rating and an approximate volume of outstanding debt rated in case an entity ceases to have a rating coverage. Currently, the volume of debt of the sample companies stands at Rs 45.98 lakh crore in May 2022.

For detailed methodology see:

<http://www.careratings.com/pdf/Banner/CDQI%20PR%20&%20Report%20for%20website.pdf>

**Annexure 1: Movement in CDQI**

Month	CDQI - Index	Change	Month	CDQI - Index	Change
Apr-21	89.83	+0.33	Apr-22	92.41	+0.18
May-21	90.02	+0.19	May-22	92.56	+0.15
Jun-21	90.01	-0.01			
Jul-21	89.85	-0.16			
Aug-21	89.57	-0.29			
Sep-21	89.87	+0.30			
Oct-21	89.86	-0.01			
Nov-21	91.41	+1.55			
Dec-21	91.43	+0.02			
Jan-22	91.43	0.00			
Feb-22	91.96	+0.53			
Mar-22	92.24	+0.28			

Source: CareEdge calculations

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## About:

CareEdge (CARE Group) is a knowledge-based analytical group that aims to provide superior insights based on technology, data analytics capability and detailed research methods. CareEdge (CARE Ratings Limited) is one of the leading credit rating agencies in India. It has an impressive track record of rating companies for almost three decades and has played a pivotal role in developing the corporate debt market in India. CareEdge provides near real time research on all domestic and global economic developments. The wholly owned subsidiaries include CareEdge Advisory & Research arm focused on providing advisory and consultancy services and CareEdge Risk solutions a platform that provides risk management solutions

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